

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3281-01
Bill No.: HB 1202
Subject: Revenue Dept.; Taxation and Revenue-Sales
Type: Original
Date: January 2, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$22,000,000	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$22,000,000	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

In a similar prior proposal, officials from the **Department of Revenue (DOR)** assumed this legislation could result in a decrease in sales tax refunds for FY 03 of approximately \$22 million. DOR assumed there would be minimal programming changes that could be completed with existing resources.

In a similar prior proposal, officials from the **Office of Administration, Budget and Planning (BAP)** stated DOR is better suited to respond to this proposal since this bill is more of an internal change in the way refunds are handled by DOR.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Revenue - General Revenue Fund</u>			
Reduction in sales tax refunds	\$22,000,000	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$22,000,000</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This legislation will affect all businesses that collect sales tax.

DESCRIPTION

This bill requires that any request for a refund of sales taxes by a person who collects and remits the tax will only be granted if the person demonstrates to the satisfaction of the Director of the Department of Revenue that the amount will be refunded or credited to the person who originally paid the sales tax. The restriction will not apply if the person seeking the refund shows to the director's satisfaction that he or she originally paid the tax and that it was not

collected from the purchasers.

DESCRIPTION (Continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration
Division of Budget and Planning

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
January 2, 2002